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### **Testimony of Stan Sorkin, Connecticut Food Association**

#### **In Support of HB 5314: An Act Concerning Interest Payments on Advances from the Federal Unemployment Account Before the Committee on Labor and Public Employees**

March 11, 2014

Good afternoon Chairman Osten, Chairman Tercyak, and members of Committee on Labor and Public employees. My name is Stan Sorkin and I am the President of the Connecticut Food Association.

The Connecticut Food Association is the state trade association that conducts programs in public affairs, food safety, research, education and industry relations on behalf of its 240 member companies—food retailers, wholesalers, distributors, and service providers in the state of Connecticut. CFA's members in Connecticut operate approximately 300 retail food stores and 200 pharmacies. Their combined estimated annual sales volume of \$5.7 billion represents 75% of all retail food store sales in Connecticut. CFA's retail membership is composed of large multi-store chains, regional firms, and single store independent supermarkets. CFA's 90 associate members include the supplier partners of its retail and wholesale members. Our industry employs over 30,000 Connecticut residents in our stores.

I am writing to express my support for HB 5314, which would use an estimated \$60 million of the projected state budget surplus to be used to pay a portion of the balance of interest owed on funds the state borrowed from the federal government to keep Connecticut's unemployment compensation system afloat. The grocery business is a 1.0-1.5% bottom line business. Unemployment compensation costs have added to our members' costs to do business in the state and these costs get passed on to consumers in the form of higher grocery prices. Our business is very labor dependent and unemployment taxes and assessments hit our industry extremely hard.

It is projected the debt to the federal government will not be paid off until 2016 – meaning you neighborhood grocer faces at least two more years of additional tax increases and special assessments.

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We ask that you use the surplus productively to improve the overall business climate in the state by reducing the cost of doing business in the state. HB 5314 calls for an estimated \$60 million of the projected state budget surplus to be applied to reduce the interest due on the federal loan – giving retailers the opportunity to control costs and begin the process of lowering the cost of groceries to consumers.

**Vote YES on HB No. 5314**